

Commission Update

Annual Update of the South Carolina Workers' Compensation Commission

September 2006

Hospital payment system announced

Expected to save employers up to \$60 million per year

On June 26, 2006 the South Carolina Workers' Compensation Commission approved a new payment system for healthcare facilities treating workers' compensation patients. Effective October 1, 2006, healthcare facilities will be paid 40% more than what the federal Medicare program pays for inpatient and outpatient services.

The Commission's decision, taken in response to rapidly rising health care charges for workers' compensation, is expected to save employers as much as \$60 million a year. Virtually every state is grappling with steep increases in health care charges and in response most

states have been adjusting their payment systems. South Carolina is one of several states that have adopted a "Medicare plus" model. Thus, for inpatient care Hawaii pays 10% more than Medicare, Ohio pays 15% more, California pays 20% more, and New York and Tennessee pay 50% more than Medicare.

"The new payment system is a meaningful step towards moderating medical care costs in workers' compensation," says David W. Huffstetler, chairman of the Commission. He notes that between 2000-2005, inpatient procedures for workers' compensation injuries declined by 8.0% but hospital charges increased 118.6%. Over the same period, outpatient procedures in workers' compensation declined 9.6% and outpatient charges rose 64.2%.

These changes are based in part on the recommendation of the Commission's Hospital Advisory Committee. In a continuation of its efforts to assure that workers' compensation medical fee schedules adequately pay for services provided, ensure access to quality care and contain costs for business and industry, the South Carolina Workers' Compensation

Commission reconvened the Hospital Advisory Committee in November 2004 to advise the Commission on what, if any, changes were necessary to improve the hospital inpatient payment system. The committee also was charged with making recommendations on the establishment of an outpatient fee schedule. The Advisory Committee consisted of the following members:

The new payment system was recommended by the Commission's Hospital Advisory Committee, which consisted of the following:

- David F. Adcock, MD, MPH, medical consultant to the Commission
- Jeri Boysia, Companion Property & Casualty Insurance Co.
- William R. Calamas, Capital City Insurance Company
- Thomas D. Cockrell, SC Hospital Association
- Lewis Creel, Alcoa Primary Metals
- William Floyd, MD, SC Medical Association
- Leonard E. Forrest, MD, SC Medical Association
- Jerry Johnson, SC Self-Insurers Association, Inc.
- Jerry Parrish, Anderson Area Medical Center

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Commissioner Andrea Pope Roche joins agency

Columbia attorney Andrea Pope Roche began her six-year term with the Commission on June 30, 2006. Prior to being named to the agency by Gov. Mark Sanford, she was a partner at Barnes, Alford, Stork & Johnson in Columbia.

She is a graduate of Yale Law School, where among several honors and activities she was Symposium Editor, Yale Journal on Regulation. Commissioner Pope Roche did her undergraduate work at the University of North Carolina at Chapel Hill, where she majored in English and was named to the Dean's List. Earlier in her career she was associate editor at Culler Publishing Company in Camden and edited articles for Sporting Classics and N.C. Homes and Gardens magazines.

Since 2003, Commissioner Pope Roche has been a Legal Writing Instructor at the University of South Carolina law school. Her legal experience includes stints as staff attorney for the South Carolina

Court of Appeals, and clerkships with the Honorable Carol Connor, South Carolina Court of Appeals, and

Honorable Robert F. Chapman, US Court of Appeals for the Fourth Circuit, Columbia.

Commissioner Childs elected to Circuit Court

Commissioner J. Michele Childs has resigned her position at the Commission following her election to the circuit court. On May 24, 2006, she was elected by the South Carolina General Assembly to the position of Circuit Court Judge At-Large, Seat 9. She began her new duties Monday, August 14, 2006. Her resignation from the Commission was effective August 13, 2006.

Commissioner Childs was appointed to the Commission by Gov. Jim Hodges to serve a six-year term beginning July 1, 2002. Prior to coming to the Commission she was Deputy Director, Division of Labor at the South Carolina Department of Labor, Licensing and Regulation.

Commission Update

This update is published once a year by the South Carolina Workers' Compensation Commission. Please circulate the publication in your office and among your colleagues.

Commissioners

David W. Huffstetler, *Chairman*
J. Alan Bass
George N. Funderburk
Susan S. Barden
G. Bryan Lyndon
Andrea Pope Roche

Our Mission

To provide an equitable and timely system of benefits to injured workers and employers in the most responsive, accurate and reliable manner possible.

Visit us at wcc.sc.gov

South Carolina employers, injured workers, and other visitors will find lots of useful information at our newly redesigned website, wcc.sc.us. While online, please complete our brief customer satisfaction survey (also included elsewhere in this publication) and let us know how we can make the website even more useful.

Tabs across the top of the page and on the left guide visitors in finding information related to claims, coverage, insurance, medical matters, and judicial issues. From the website you can easily verify if an employer carries workers' compensation coverage. The Commission's Coverage Division is responsible for maintaining, monitoring, and enforcing various requirements that hold employers responsible for maintaining coverage. (For a list of self-insured employers and employers covered by the State Accident Fund please contact the Commission's Self-Insurance Division)

The website includes the following links:

State of South Carolina Links

- Official State of South Carolina Web Site (www.sc.gov)
- South Carolina Department of Insurance (www.doi.sc.gov)
- South Carolina Department of Labor, Licensing and Regulation (www.llr.state.sc.us)

- South Carolina Employment Security Commission (www.sces.org)

National Links

- All 50 workers' compensation state agencies

(www.fatrat.com/workers_compensation.htm)

- Workers Compensation Research Institute (www.wcrinet.org)
- National Council on Compensation Insurance, Inc. (www.ncci.com)
- National Safety Council (www.nsc.org)

Please note these links are provided only as a convenience to visitors. The Commission is not endorsing these sites and is not responsible for their content.

Maximum weekly compensation rate for 2006

For accidents occurring on or after January 1, 2006, the maximum weekly compensation rate is \$616.48. This rate is set by statute which establishes that the maximum weekly compensation rate shall be "no more than the average weekly wage in this State for the preceding fiscal year." The weekly wage is certified by the South Carolina Employment Security Commission.

The recent increase raises the maximum weekly compensation rate by \$23.92, 4.0 percent greater than the 2005 rate of \$592.56 per week. An injured worker's compensation rate equals 662/3 percent of the worker's average weekly wage, provided the compensation does not exceed the state's average weekly wage, as certified by the state Employment Security Commission.

For total disability for 500 weeks, the maximum compensation award for 2006 will be \$308,240. Generally, in order to receive the maximum compensation rate an injured worker must have earned at least \$48,061 (\$924.26 weekly) during the four quarters immediately preceding the quarter in which the accident occurred.

Mileage rate increased

Effective July 1, 2006, the reimbursement for mileage to and from a doctor's office and the pharmacy was increased to 44.5 cents per mile.

Commission welcomes new employees

The South Carolina Workers' Compensation Commission is pleased to welcome the following employees:

Priscilla Brown, Administrative Specialist, joined the Commission's Claims Department in May after having been with the agency in a temporary capacity.

Wayne Ducote, Compliance Officer. Mr. Ducote, who previously owned a private detective agency, joined the Commission in November 2005. He is a graduate of the University of South Carolina.

Lauren (Ashley) Grimes, Administrative Assistant, joined the Commission in October 2005. She graduated from the University of South Carolina at Aiken.

Ashley Jacobs, Judicial Director. Ms. Jacobs is a graduate of Clemson University and the University of South Carolina, where she obtained a master's in public administration. Prior to joining the Commission in March 2006 she worked for Richland County.

Julie K. Lewis, Medical Services Division Director, joined the agency in November 2005. She obtained a bachelor of science degree as well as an MPH from the University of South Carolina. She was previously employed by USC.

Joan Lucius, joined the Commission in May and previously

worked as a paralegal in a Columbia law office.

Jennifer A. Neese, Executive Assistant/Ombudsman, joined the Commission in December 2005. She is a graduate of Francis Marion University and Southern Wesleyan University, where she earned an MBA. She previously worked for Palmetto Health.

Shannon Reep, joined the Commission in May as an Administrative Assistant in the Insurance & Medical Services Department. She previously was with the Real Estate School of South Carolina.

Tracy Slice, Claims Examiner, joined the Commission in March 2006. She is a graduate of the University of South Carolina.

Amanda Underhill, Claims Examiner, was previously with the Randolph Hope Company. She holds a bachelor of science degree from Furman University.

Also, congratulations to the following Commission employees on their promotions:

- Greg Line from Assistant Claims Director to Director
- Tammie Brasfield from Compliance Officer to Director of the Coverage Division

- Kandee Johnson from Administrative Assistant to Medical Policy Analyst

- Mario Glisson from Administrative Assistant to Postal Center Director
-

Customer Service Survey

Please take a few moments to complete this survey about our customer service and newly redesigned website. We appreciate your comments as they will help us in doing a better job. You may mail your response to Ashley Jacobs, Judicial Director, 1612 Marion St., P.O. Box 1715, Columbia, SC 29202-1715, or you may complete the survey online at wcc.sc.gov. Thank you.

1. Please check which of the following best describes you:

- ☐ Employer
- ☐ Injured Worker
- ☐ Attorney
- ☐ Insurer
- ☐ Medical Provider
- ☐ Worker Representative
- ☐ Vocational Worker
- ☐ Other

2. How did you contact the Commission staff?

- ☐ Email
- ☐ In person
- ☐ Phone
- ☐ Mail

3. Please rate the Commission staff:

- Courteous? ☐ Yes ☐ No
- Knowledgeable? ☐ Yes ☐ No
- Responsive ☐ Yes ☐ No
- Flexible ☐ Yes ☐ No

4. Please rate the quality of service the Commission staff provided you.

- ☐ Excellent ☐ Good ☐ Fair ☐ Poor

5. Was the Workers' Compensation website helpful to you? ☐ Yes ☐ No

Were you able to access the information you wanted? ☐ Yes ☐ No

6. Please tell us which items on the website were particularly helpful?

Please tell us what we could do to improve the website:

7. If our services did not meet your expectations, please tell us how we can improve:

Hospital payment system

continued from page 1

- Thomas C. Salane, Turner, Padgett, Graham & Laney
- Robin E. Tester, SC Budget & Control Board
- Gary R. Thibault, SC Workers' Compensation Commission

To facilitate the change to the new pricing systems, the Commission will price any hospital inpatient, outpatient or ambulatory surgery center bill at no charge to insurance carriers, self-insured funds or self-insured employers. Those bills can be sent to the Commission's Medical Services Division and the bill

will be re-priced according to Medicare's current rate plus forty percent.

When there is a dispute between any party concerning the payment for service, the provider or payor may request administrative review by the Commission's Medical Services Division. The Commission will conduct the review according to its established process for reviewing disputed payments.

While the current inpatient payment system was adequately designed for the financial and market conditions that existed in the early-to-mid 1990s, problems have arisen over the past five years. Even though DRG payment rates were held steady, costs continued to

escalate as a result of charges increasing at such a significant rate that more and more claims fell into a category which received additional payment. Charges have increased at such a rate that both inpatient and outpatient billing no longer reflect actual cost of care. The gulf between charges and cost has widened and discounts to charges have risen with it - in part a result of rules or contracts established by different payment sources: Medicare, Medicaid, health insurance, workers' compensation insurance, or other contracts entered into by providers and payers.

The Commission, in its bill review role, also has seen an increase in the unbundling of procedures. Unbundling occurs when multiple procedure codes are billed for a group of procedures that are covered by a single comprehensive code. Because of the nature of our payment system, particularly for outpatient services which were paid on a discount-to-charge basis, substantial overpayment can result.

Since 1996, inpatient and outpatient charges have increased 209% and 221% respectively. With inpatient discharges declining, the results over the past five years, on a per claim basis, have been worse. The average inpatient per claim charge has increased 27.5% annually since 2000. The average charge for outpatient claims has increased 16.3% over this same period of time.

The Commission expects the changes to establish prices that more closely reflect the cost of medical services, and to establish prices that are more competitive with those paid by large group health insurance companies - considering that workers' compensation provides for a single source of payment with little or no bad debt for compensable claims.

Pilot Project

Commission adds mediator to expedite appeals

The South Carolina Workers' Compensation Commission will soon make available to employers and injured workers a professional mediator to hear cases that have been appealed. The pilot project, which is expected to continue for at least six months, is expected to reduce the backlog of appeals before the Full Commission.

Currently, it takes about four months for an appeal to be set and heard before a Full Commission panel. The delay persists even though commissioners are holding four days of Full Commission review, instead of the traditional three days. The agency hopes that adding a mediator will help in settling some cases that might otherwise go before the Full Commission.

The Commission is in the process of selecting a mediator and working out the details of the contract. The agency is looking for someone with a strong background in workers' compensation,

and who is also neutral and independent of the Commission.

Once the mediator is in place, both parties to a case will be notified of the service as soon as a Form 30 is submitted. The mediation service is entirely voluntary and, for now, will be paid for by the Commission. A person with authority to settle the case must be present from each side. A case under mediation would not lose its place on the docket. If it settles before it reaches Full Commission, it will simply be removed from the docket.

The new service would be different from mediation-type services performed by Deputy Commissioner Laverne Spry. Mr. Spry conducts informal conferences before cases go to individual commissioners. The new mediator would hear cases that have been heard by a single commissioner and would otherwise then be heard by a Full Commission panel.

South Carolina Workers' Compensation Commission

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COMMISSIONERS

David W. Huffstetler , <i>Chairman</i>	737-5663	Deputy Commissioner / Claims Mediator	
Kellie Lindler, Administrative Assistant	737-5663	Laverne Spry	737-5746
J. Alan Bass , Commissioner	737-5697	File Room	
Connie Mason, Administrative Assistant	737-5697	Sallie Wider, Supervisor	737-5691
George N. Funderburk , Commissioner	737-5701	DEPARTMENT OF INSURANCE AND MEDICAL SERVICES	
Lynn Martin, Administrative Assistant	737-5701		
G. Bryan Lyndon , Commissioner	737-5668	Insurance and Medical Services Director (Vacant)	
Tamara Morris, Administrative Assistant	737-5668		
Susan S. Barden , Commissioner	737-5660	Compliance Division	
Penni Henry, Administrative Assistant	737-5660	Garry Smith, Director	737-5707
Andrea Pope Roche , Commissioner	737-5678	Self-Insurance Division	
Barbara Cheeseboro, Administrative Assistant	737-5678	W. C. Smith, Director	737-5712

OFFICE OF THE EXECUTIVE DIRECTOR

Gary R. Thibault , <i>Executive Director</i>	737-5744	Medical Services Division	
Kathryn Gantt, Administrative Assistant	737-5744	Julie K. Lewis, Director	737-5743
Janet Godfrey Griggs, General Counsel	737-5749		
Jennifer Neese, Executive Assistant	737-5713	Coverage Division	
		Tammie Brasfield, Director	737-5708
		Accident Reporting	
		Barbara James, Supervisor	737-5722

ADMINISTRATION DEPARTMENT

Janice Sanders Sutton, Finance/HR Director	737-5671
Administrative Services Division	
Manager (Vacant)	737-5670
Postal Center	
Mario Glisson, Supervisor	737-5751

CLAIMS DEPARTMENT

Greg Line, Claims Director	737-5723
Claims Services Division	

INFORMATION SERVICES DEPARTMENT

Matt Cleary, CIO	737-5685
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JUDICIAL DEPARTMENT

Ashley Jacobs, Judicial Director	737-5675
Judicial Docketing Division	
Eugenia Hollmon, Director	737-5737
Judicial Assessment Division	737-5736

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